

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

P8H, INC. d/b/a PADDLE 8,

Debtor,

Case No.: 20-10809 (SMB)

Chapter 11

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF THE ESTATE OF P8H, INC.
D/B/A PADDLE 8,

Adv. Pro. No. 20-01081 (SMB)

Plaintiff,

v.

VALENTINE UHOVSKI, ISABELA
DEPCZYK, NORMAN HANSON,
CHRISTOPHER HSU, PETER RICH,
SERGEY SKATERSCHIKOV,

Defendants.

**DECLARATION OF VALENTINE UHOVSKI IN SUPPORT OF HIS MOTION TO
DISMISS UNSECURED CREDITOR COMMITTEE'S AMENDED ADVERSARY
COMPLAINT**

I, Valentine Uhovski, declare, pursuant to 28 U.S.C. §1746, under penalty of perjury that the below is true and correct:

1. I am a Defendant named in the above-captioned adversary proceeding and was the former Chief Executive Officer of PH8, Inc. ("Paddle 8") and, as such, I am fully familiar with the facts and circumstances set forth herein.

2. On May 1, 2020, the Official Committee of Unsecured Creditors filed a complaint and commenced this adversary proceeding against me for alleged breaches of fiduciary duties. On August 28, 2020 the Official Committee of Unsecured Creditors filed an amended complaint in

this adversary proceeding. Attached as **Exhibit A** is a true and complete copy of the Amended Complaint filed in the Adversary Proceeding.

3. I began working at Paddle 8 on June 24, 2019 as the Head of Partnerships, Marketing and Social.

4. Soon thereafter, in November of 2019, I was promoted to the Chief Executive Officer (“CEO”) of Paddle 8 and was promised a 12-month budget by previous Managing Director, Izabela Depczyk.

5. Upon receipt of my counter-signed letter agreement to assume the CEO position, I also learned that the proposed 2020 budget from the prior CEO had been rejected by the prior Board of Directors.

6. Shortly after assuming my CEO duties, I began working with John Textor (“Textor”), the Chairman of the Board of Directors (the “Board”) of Paddle 8, to approve a fiscal budget for 2020. While Textor and I attended an Art Basel event in Miami in the beginning of December, 2019, I provided a draft budget for 2020 to him and he promised that he would review it for approval.

7. This began a pattern of communications in which I repeatedly pressed Textor for responses and approval (via emails, texts messages and in-person meetings) of both the budget and for access to Paddle 8’s Line of Credit, only to receive no answer or non-committal and evasive communications from Textor.

8. In December 2019, I requested that Paddle 8 be able to draw on its Line of Credit to meet its upcoming and immediate payment obligations, but Textor failed to provide a response to this request. Attached as **Exhibit B** is a true and complete copy of Multiple Email Requests to Textor for Paddle 8 to draw on Line of Credit.

9. Paddle 8 was forced to draw down all remaining liquid resources in order to meet basic and immediate payment obligations such as rent and payroll.

10. I followed up with Textor multiple times about the proposed budget on January 6, 7, and 8, and Textor finally responded on January 9, but he requested additional information regarding Paddle 8's cash flow position. *See Exhibit B* for January 8 Request. *See also* attached as **Exhibit C** and **Exhibit D** true and complete copies of my January 6 and 7 Requests.

11. I immediately responded to Textor with a detailed executive summary. Textor responded two (2) days later, but once again refused to allow Paddle 8 to draw on its Line of Credit. I reached out to Textor multiple times and stressed the importance of ensuring that Paddle 8 meet all of its payment obligations, but Textor still made no commitment to approve a budget or cover operating expenses of the Debtor. I requested that the partner payments be met (i.e. the payments to consignors of art) in two meetings with Textor and the team in New York on January 16 and 22, and also while on a call with the Board on January 30, but there was still no commitment from Textor. Indeed, Textor outright refused to give any consideration to paying the partners of art through drawing on the line of credit or providing additional financing.

12. Rameshkumar Ganeshan, Paddle 8's Head of Finance, used the remaining bank funds to meet the operating expenses and payroll for the end of January 2020.

13. I hosted a staff town hall meeting with all Paddle 8 employees and advised that the Board had yet to approve the proposed budget, which was submitted nearly one month earlier.

14. On February 3, 2020, I presented two additional revised budgets to the Board (in total I had presented seven (7) versions of a revised budget), but Textor once again failed to approve any budget. I even proposed the idea of an asset sale in order to meet the Debtor's liquidity needs, but Textor vehemently opposed the proposal.

15. Textor attempted to arrange a meeting in Juniper, Florida (with less than a day's notice) to discuss payroll and budgeting issues, but I advised in advance that I would be unable to make the particular meeting date due to a family matter and requested a meeting date two days later. No financial commitment was made by Textor at the meeting attended by Rameshkumar Ganeshan and Michael McClellan (Director of Operations).

16. On February 12, 2020, after months of indecision and refusal from the Board to approve any budget or draw on the Debtor's line of credit, I resigned from my position as CEO of the Debtor. Attached as **Exhibit E** is a true and complete copy of the Resignation Notice.

17. I worked diligently and honestly to ensure the long-term success of Paddle 8, but was met with complete resistance and refusal to provide timely and substantive responses by Textor and the Paddle 8 Board of Directors. I could not make any material changes to the Company or assure the Company meet its payment obligations without approval from Textor and the Board of Directors. In the absence of any ability to move forward on an approved budget or access additional financial resources, our finance team managed company resources in order to meet the most pressing and immediate payment obligations.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 3rd day of December, 2020 in New York, New York.



Valentine Uhovski